United Nations DP/2006/43

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.: General
12 July 2005

Original: English

Second regular session 2006
11 to 13 September 2006, New York
Item 3 of the provisional agenda
Country programmes and related matters

Assistance to Myanmar

Note by the Administrator

Summary

The present report contains the major conclusions, recommendations and strategic challenges identified in an assessment of the Human Development Initiative, phase IV (HDI-IV, 2002-2007), undertaken by a three-member international independent mission. The mission carried out its work in Myanmar from 15 May to 2 June 2006, in accordance with the guidelines set out in decisions 98/14, 2001/15, 2003/2, 2004/2, 2005/3, 2005/42 and 2006/2. The report of the 2005 HDI Assessment was presented to the Executive Board in January 2006.

The mission concluded that all components of the HDI-IV programme had been designed and were being implemented in conformity with the decisions of the Executive Board. The mission highlighted key challenges and made recommendations that the Board may wish to consider for implementation under the HDI. The full text of the report of the independent assessment mission is available at the website of the Executive Board secretariat.

Elements of a decision

The Executive Board may wish to: (a) take note of the present document and of the report submitted by the independent assessment mission to Myanmar, in particular the strategic challenges and recommendations mentioned therein; (b) request that the Administrator take account of and implement the findings of the independent assessment mission, as appropriate, under the HDI; (c) give favourable consideration to the extension of the current phase of the Human Development Initiative for the period 2008-2010, which would be prepared in 2007, with the understanding that formal presentation will be made to the Executive Board in September 2007.

06-43072 (E) 020806

Contents

Chapter		*Page*
I.	Introduction	3
II.	Conformity with Governing Council and Executive Board decisions	3
III.	Programming context and constraints	4
IV.	HDI-IV assessment	4
	A. Programme scale and methodologies	4
	B. Current status of HDI-IV projects and issues	5
	C. Follow-up to 2005 recommendations	7
V.	Conclusions and recommendations	8

I. Introduction

1. Since 1993, UNDP assistance to Myanmar has been carried out in compliance with the guidelines established in Governing Council decision 93/21 and Executive Board decisions 96/1, 98/14, 2001/15, 2003/2, 2004/2, 2005/3, 2005/42 and 2006/2. In accordance with these decisions, resources are targeted towards critical humanitarian and basic human needs in Myanmar at the grass-roots level, in the areas of primary health care, the environment, HIV/AIDS, training and education, and food security. Projects have been formulated and coordinated within a framework entitled the Human Development Initiative (HDI).

2. The first phase of the HDI (15 projects) was implemented between 1994 and 1996. The second phase, an extension (HDI-E), consisted of 10 projects that were concluded in late 1999. HDI Phase III projects were initiated in late 1999 pursuant to decision 98/14. The ongoing HDI phase IV was approved in 2002. Focusing initially on 24 townships, the programme includes six projects: two community development projects, a microfinance project, a project on HIV/AIDS that was redesigned in 2005 to support the community development projects, and two comprehensive surveys on rural poverty and agriculture that have now completed field-level activities. With the approval of the Executive Board, the community development and microfinance projects are now being expanded to an additional 40 townships (for a total of 64 townships), to facilitate the implementation of which HDI-IV was extended for two more years (decision 2005/42). A corresponding expansion in funding was approved, bringing the total core resource envelope to $43 million for the period from 2002 to 2007 and the ceiling for matching non-core resource mobilization to $65 million. HDI-IV is scheduled to end in December 2007.

3. The 2006 independent assessment mission to Myanmar, consisting of three members, explored in detail the question of conformity of HDI-IV with the Executive Board mandate, global HDI issues, and challenges and constraints in the implementation of project activities. The 2006 mission was conducted a month earlier than usual so that the complete report of the mission could be available for review by the Executive Board at its current session. Accordingly, the present report contains the major findings, conclusions and recommendations independent assessment mission.

II. Conformity with Governing Council and Executive Board decisions

4. The mission conducted its work through a careful review of project documentation, field visits and extensive consultations with beneficiaries as well as representatives of diplomatic delegations, non-governmental organizations (NGOs), international NGOs and United Nations organizations. It concluded that the content and objectives of HDI-IV were in conformity with the relevant Governing Council and Executive Board decisions. All projects operate independently of the Government and target the village-level groups and needs described in the mandate. The key sectors where support is needed remain those outlined in the resolutions of the Governing Council and Executive Board: primary health care, the environment, HIV/AIDS, training and education, and food security.

5. The mission declared itself impressed with the quality and scope of results achieved by the UNDP programme. As of April 2006, approximately 1.8 million poor women and men participate in HDI-IV, drawn from households in over 5,000 targeted villages

in the 57 townships where the programme currently operates. Specific benefits from HDI since 1994 include: (a) improved food security and social services for poor households; (b) development of strong grassroots institutions equipped to engage in participatory development approaches to manage community resources; (c) improved economic status of poor women (60 per cent of beneficiaries are women); and (d) improved village-level basic infrastructure. The mission found UNDP well placed to channel the further humanitarian assistance that is urgently required.

III. Programming context and constraints

6. Within the framework of the Executive Board mandate, UNDP assistance under HDI-IV is geared towards addressing the needs of the rural poor in Myanmar to the greatest extent possible. Although Myanmar is well endowed with natural resources, a large proportion of the population is extremely poor. The rural poor (about 70 per cent of the poor), in particular, face a range of problems: limited access to land, credit, paid employment, education and health facilities; and a dwindling supply of 'free' natural resources in the face of environmental degradation.

7. Vulnerability is further exacerbated by the burden of preventable diseases such as HIV/AIDS, tuberculosis and malaria, as well as diarrhoea, which is a major killer of children in particular. In 2005, Myanmar accounted for over half of all the malaria deaths in Asia. It has one of the most serious HIV/AIDS epidemics in Asia with an estimated national HIV prevalence rate of about 1.3 per cent for adults. This, together with high infection rates in neighbouring countries, implies that HIV could soon reach crisis proportions in the subregion.

8. The mission pointed to the extremely limited government resource allocations for development: for instance, public sector investment in education and health care combined is one of the lowest levels in the world. A policy environment that provides a focus and consistent funding for poverty reduction is lacking. As a result, the poor – especially the rural poor – are disadvantaged and disenfranchised by the system.

9. The political environment poses unusually complex challenges. Over the past year, these appear to have increased somewhat, narrowing the space for humanitarian assistance and constraining sustainability. In this regard, the mission commended the UNDP policy of transparency in communications with all stakeholders.

10. The mission concluded that there were compelling reasons for the continuation of HDI-IV beyond 2007: HDI effectively provides humanitarian support on a large scale; it is being implemented effectively and on schedule (including the expansion plan); it is well regarded and widely perceived to be a pro-poor programme that should continue; and its very presence in project villages facilitates an informed awareness of the humanitarian situation on the ground. Accordingly, the mission recommended that preparations to continue the programme for the period from 2008 to 2010 be accelerated.

IV. HDI-IV assessment

A. Programme scale and methodologies

11. In 2005, a geographical expansion of HDI-IV got under way, targeting 40 additional townships. By June 2006, UNDP had begun work in a total of

57 townships (80 per cent of the target total), resulting in 5,444 HDI-IV project villages (up from 4,244 in July 2005). The mission noted that this was eloquent testimony not only to the energy and commitment of HDI staff, but also to the positive reception met by HDI programme entry into new areas. Given the narrowing humanitarian space mentioned above, the expansion rate was all the more remarkable.

12. While the overall poverty rate for HDI project areas varies from 38 to 96 per cent in different states, more than 80 per cent of households in HDI project villages are classified as poor, and 10 per cent as poorest of the poor. The mission found that the community development projects used an intelligent area-cluster-based targeting to ensure that poor villages were targeted for support and that best practices were employed in assessing household poverty in each target village, using participatory needs assessments.

13. As of April 2006, 3,474 'self-reliance groups' (SRGs) had been established by the community development projects. Most SRG members are women. The mission found that SRG-facilitated access to savings and loan activities, management training, and the support of specialized groups that speak directly to members' income-generating needs had had a revolutionary effect on members and their families, leading to improved self-esteem, capital formation, and skills in areas such as reproductive and primary health-care training.

14. HDI-IV properly mainstreamed gender by using appropriate gender analysis and placing greater emphasis on women's participation in all HDI interventions. Gender awareness, sensitivity, equity, and equality had been consciously stressed during planning and decision-making, implementation and monitoring of project activities. Support through the SRGs was overwhelmingly focused on women; moreover, all the borrowers under the microfinance project were women. Sex-disaggregated data was collected and updated in project reports. The mission recommended that the focus now be broadened to include additional methodologies that had already been pilot-tested so as to enlist male opinion in favour of SRGs, and that HDI investigate ways of expanding opportunities for men's involvement in SRGs.

B. Current status of HDI-IV projects and issues

15. The two main community development projects provide assistance to the rural poor in targeted communities by addressing their basic humanitarian needs, improving household food security and promoting income-generating activities for sustainable livelihoods. Key features of the projects include the formation of SRGs, capacity-building activities for participatory and sustainable development, and assistance through small grants from two funds, one for community infrastructure and the other for sustainable livelihoods.

16. The *Community development in remote townships* (CDRT) project, executed by the United Nations Office for Project Services (UNOPS), seeks to address the basic minimum needs of very poor communities in several border areas of the country. It originally targeted communities located in 13 townships in Rakhine, Chin and Kachin states, and subsequently expanded its activities to an additional 13 townships in those states, as well as in Mon and Kayin. As of April 2006, the CDRT covered 849 villages, benefiting approximately 73,690 households. The *Integrated community development project* (ICDP) was the largest of the HDI-IV projects and was executed directly by UNDP. The project initially had activities in 11 townships and was then expanded to cover an additional 16 townships. As of April 2006, ICDP was operational in a total of

20 townships, covering a total of 2,210 villages against a target of approximately 2,670 villages (27 townships).

17. The mission concluded that both ICDP and CDRT had placed a clear, appropriate and effective focus on the poor within target villages and had increased the capacity of risk-averse poor communities to organize, plan, implement and manage their own activities. However, it noted that the very poor were excluded from SRG membership owing to factors ranging from their seasonal migration in search of employment to fewer income and savings opportunities. It recommended that HDI sharpen targeting to include the poorest of the poor through identification and prioritization of their needs and coping strategies, and an investigation of 'food poverty' in participatory assessments. In line with previous assessments, the mission concluded that, despite some improvement, project expenditures (particularly for CDRT) were still more focused on social infrastructure than on livelihoods. Projects should address household food security by prioritizing sustainable livelihood activities and preferential access to wage labour opportunities for the poorer and poorest over social infrastructure during the remaining time frame of HDI-IV. Moreover, the full potential of SRGs remained unexploited, owing to limited income-generation opportunities and the absence of linkages to new technology as well as production, marketing and rural finance services. Additionally, with few resources and little technical support forthcoming from Government, the mission recommended that all operations and maintenance of project-financed community infrastructure be supported fully from community contributions.

18. The *Sustainable microfinance to improve the livelihoods of the poor* project has been in operation since 1997, with a budget of $6.8 million (2003-2007). Up to 2006 the project was implemented by three partner organizations under UNOPS execution. An initiative to increase cost efficiency led to a change in March 2006, with one partner (Pact) selected to take over all operations: a major change since then has been the transfer of management of all three operations from expatriates to locally employed staff.

19. The mission endorsed previous findings about the success of the microfinance project: (a) its outreach was impressive, covering, as of March 2006, 3,089 villages and 245,400 clients in 22 townships, including 11 new townships; (b) accumulated disbursement of loans averaging $30 in size had reached $29 million; and (c) loan repayment exceeded 97 per cent. The expansion in the number of clients enabled the project to improve profitability of operations over the years. Although operating costs remained high (reflecting the costs of the executing agency and the implementing partner), some of this was inevitable given the transaction costs involved in providing financial services to a large number of clients saving and borrowing small amounts. On the other hand, there was a decrease in costs for making a loan over the last two years. The mission recommended that UNDP investigate additional ways to reduce operating costs in discussion with the executing and implementing partners. The project should also do more to encourage clients' savings capacity as a way of mobilizing domestic capital. Further, the project should review its policy of not working in SRG villages, as there might be an opportunity to provide loans to undercapitalized SRGs in the ICDP/CDRT projects.

20. The *Enhancing capacity for HIV/ AIDS prevention and care* project aims to increase the scale and effectiveness of community-based responses for HIV/AIDS prevention and care, mainly through training. Following the recommendations of previous assessments, the project strategy was redirected to addressing the links between poverty/development and HIV, through integration of HIV into the activities

of CDRT in Kachin, Chin and Mon/Kayin, and to a lesser extent ICDP. However, given limited staff resources, the mission recommended that the project adopt a more focused approach during the remainder of the project period, sharpening the focus of its educational activities on men and youth, and targeting mainly a few high prevalence townships.

21. The *Integrated household living conditions assessment* (IHLCA) was conducted by the Institut pour le développement en économie et en administration (IDEA International) in collaboration with the Planning Ministry, through UNOPS execution. Data collection – from 18,800 households – was completed in two rounds in 2004 and 2005. The mission noted that the IHLCA represented the first addition to national data since the 1997 work by the Central Statistics Organization and the work by the World Bank in 1999 to project poverty figures based on that survey. A preliminary analysis – addressing the poverty profile, vulnerability, and the Millennium Development Goals – had been prepared for presentation to the Government and UNDP by July 2006; the report should be finalized by the third quarter of 2006. The mission recommended that UNDP help facilitate discussions with the Government on the results.

22. The *Agriculture sector review*, conducted through a project executed by the Food and Agriculture Organization of the United Nations, was completed. It provided an overview of the sector and reviews of various subsectors and identified policy constraints to, and options for, their development. In addition to two technical volumes, the review included a detailed agricultural atlas of the country. The findings were the basis for discussions with a wide array of stakeholders from the Government and the international assistance community during 2005. The Government had yet to officially adopt the policy recommendations contained in the review.

23. In terms of programme management, the mission acknowledged improved coordination among projects. This was seen in the ICDP and CDRT projects, which offered expanded opportunities for staff to visit each other's project areas. However, further integration was needed. Collaboration needed to be improved between ICDP-CDRT and the Microfinance project to support mature SRGs and undertake research to improve the availability of additional value-added micro-businesses for microcredit borrowers. Stronger ICDP-HIV/AIDS project linkages were needed in high-risk areas. The mission recommended that UNDP complete an assessment of the value added by different execution modalities prior to the extension of HDI-IV beyond 2007.

C. Follow-up to 2005 recommendations

24. With regard to the UNDP implementation of key recommendations from the 2005 assessments, the mission noted that significant progress had been made with regard to the crucial extension of the programme beyond 2005 and the expansion to cover 40 additional townships. However, the mission pointed to a few critical recommendations remaining to be implemented: (a) Technical assistance for drafting a legal and regulatory framework for microfinance in response to the Government request was urgently required for institutional sustainability. Although UNDP itself might not be able to respond directly, UNDP should help find another organization to expedite the request. (b) A phased exit strategy for the 24 original townships should be drawn up, so that ongoing activities in the original townships could be completed by the end of 2007. This was needed to ensure maximum impact for as many beneficiaries as possible. Thereafter, only monitoring and selective capacity-building activities designed to monitor sustainability should be undertaken in those areas, all of which

should end by 2010. (c) A monitoring system was urgently needed, including key indicators and procedures for uniform monitoring, analysis and regular reporting.

25. In this regard, the mission acknowledged that an important step forward had been the establishment of the Policy Unit in UNDP to work closely with the Vulnerability Unit in the Resident Coordinator's Office. The former was to function as a 'think tank', identifying pro-poor policies pursued by each HDI initiative as well as best practices and local initiatives that the projects facilitated. However, the mission urged that these efforts be expedited, with steps taken to draw up village case-studies and conduct simple client satisfaction surveys to identify the impact of project-supported SRGs and community-based organizations on their members and the communities in which they function. In drawing up quantitative indicators and establishing an overall system, fundamental criteria should be feasibility, cost-effectiveness and value added for donors as well as programme participants and beneficiaries.

V. Conclusions and recommendations

26. The 2006 mission concluded that HDI-IV was being implemented in full compliance with the mandate set by the UNDP Governing Council and Executive Board in terms of reaching the poor and vulnerable in rural areas of Myanmar with humanitarian assistance. The mission found that the programme had been able to maintain compliance also in the HDI expansion, which had already been implemented in 33 of the 40 townships targeted for the expansion. The mission declared itself most impressed with the achievements of targets and the dedication of managers and staff operating in a difficult environment, and noted that HDI was performing an essential and urgently needed humanitarian service. In the absence of these efforts, the nearly 2 million people that derive direct benefits would otherwise suffer the hunger and disease that HDI village-level activities mitigate. HDI provided an important showcase of international best practices in participatory development in the country.

27. Given the continuing humanitarian needs and the HDI record of achievements, the mission found overwhelming reasons for the continuation of the HDI without interruption, and recommended that UNDP accelerate its preparations for an extension of the HDI-IV programme for the period from 2008 to 2010. In doing so, UNDP should adjust its programme strategy to reflect an even greater pro-poor and livelihoods-based approach, placing a stronger emphasis on: (a) the poorest households in project villages; (b) livelihoods-related activities rather than social infrastructure activities, especially those specifically addressing the poorest households; (c) well-articulated exit strategies in project villages; (d) skills training to build human resource capacities in fields like preventive healthcare, mother and child care, water and sanitation, home gardening, animal husbandry, etc.; and (e) an effective and functioning monitoring and evaluation system.